



Press Release

For immediate release

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Bigger UK pension schemes could boost retirement savings by up to 35% and increase UK GDP by up to £110bn per year

- *New research shows the most successful pension systems in the world are not defined by scale alone but by the quality of their institutions*
- *Improved asset ownership models could increase total UK GDP by up to 3% over 20 years with the report proposing a pragmatic "hybrid" model to help realise these benefits*
- *£30bn-£90bn could be directed towards UK private markets**

LONDON, 14 October 2026 - Larger UK pension schemes with enhanced asset ownership capability could increase retirement savings by between £20,000 (5%) and £100,000 (35%) per individual over a 40-year investment horizon, according to new independent research published by Invesco and People's Pension. The findings suggest that scale, capability and governance can combine to improve annualised returns by 0.25-0.75% per annum with up to 1.25% per annum in the most favourable scenario. This increase is not linked to adoption of a particular investment strategy but broader enhancements around the asset ownership model. These modest-sounding annual increases in returns, compounded over a lifetime, add up to a step change in retirement outcomes.

The research also highlights the potential for larger, more capable pension schemes to play a greater role in supporting the UK's productive investment agenda. Based on scenario modelling and assuming significant adoption across the defined contribution market, between £30 billion and £90 billion* could flow into UK private markets over time. This could help increase the availability of long-term capital across the UK economy, while maintaining a primary focus on delivering better outcomes for pension savers.

As these institutions mature their investment program, this could also deliver an economic dividend to the UK worth between £75bn - £110bn per year in increased GDP, which is approximately equivalent in size to the current economic footprint of entire sectors such as transport and storage, and retail in the UK.

The report, ***Built to Grow: How Asset Ownership Can Improve Outcomes and Help the UK Economy***, models the potential impact of UK pension schemes moving towards the scale and governance model used by Canada's "Maple 8" funds and Australia's superannuation sector. The report draws on a substantial body of existing research and data to apply international findings to the developing defined contributions market in the UK.

The research argues that the next phase of pension reform should focus not simply on creating larger schemes, but on building the governance, investment capability, and decision-making structures needed to make scale effective. While the report identifies around £25 billion in assets as a reasonable starting point at which the benefits of scale become increasingly meaningful, it suggests that size alone is not enough. What schemes do once they reach scale will be critical, with stronger governance, investment capabilities

and strategic partnerships needed to translate scale into better outcomes for savers. The report specifically positions “partnership” as a standalone approach, distinct in its own right, separate to insourcing and outsourcing.

While larger schemes are better positioned to reduce costs, access private markets, develop specialist in-house expertise, and negotiate stronger terms on behalf of savers, capturing these advantages depends on having the right foundations in place. Schemes that strengthen these capabilities could secure a repeatable “asset ownership premium” of estimated between 0.25% and 0.75% per annum through more efficient implementation, lower costs, improved stewardship, and access to a broader range of investment opportunities, including private markets, co-investments, specialist managers, and large-scale investments that may be beyond the reach of smaller schemes.

The findings come as policymakers seek to improve retirement outcomes and mobilise more long-term capital for infrastructure, housing, innovation, and business growth, with reforms around scale and consolidation, the Value for Money framework and Mansion House measures designed to support that shift. While the UK pension system is one of the world's largest, managing approximately £2.3 trillion** in assets, it remains more fragmented than leading international peers such as Canada and Australia. However, it is now beginning a structural shift towards a new generation of large-scale asset owners.

The report calls for policymakers to recognise the potential of asset ownership in the UK and deliver policies that can help realise the scale and governance benefits of large-scale asset ownership.

A practical model for the UK market

A new insight developed in the report is a shift away from thinking purely in terms of outsourcing or insourcing of investment activity. The report highlights a pragmatic “hybrid” model of asset ownership. Under this approach, UK pension schemes retain greater control over strategic investment decisions while partnering with a smaller number of specialist providers to access capabilities, scale, and expertise.

This model could offer a practical route for many UK defined contribution schemes to capture much of the benefit associated with asset ownership without needing to fully internalise every investment function.

Dan Mikulskis, CIO for People’s Pension, said: *“The UK has an opportunity to develop a pensions system that works even harder for millions of savers and for the wider economy. This research shows that scale really does matter, but what matters even more is how that scale is used. Greater asset ownership has the potential to improve retirement outcomes while also supporting investment in Britain's future.”*

Tony Wong, Senior managing director, co-head of investments at Invesco, added: *“A key insight from this research is that successful asset ownership does not follow a single model. Around the world, leading pension organisations have adopted different approaches shaped by their governance, regulatory and market environments. As schemes grow, scale creates greater strategic optionality, but it should not be viewed as a choice between insourcing and outsourcing. The most successful organisations often combine strong strategic oversight with specialist capabilities in different ways to support their long-term objectives.”*

Mary Cahani, Head of UK DC distribution at Invesco, commented: *“As the UK DC market consolidates into a smaller number of larger schemes, the focus should increasingly shift from achieving scale to maximising its benefits. For many schemes, long-term strategic partnerships can complement*

existing operating models, helping enhance asset ownership capabilities, access specialist expertise and strengthen decision-making. Our research suggests that this pragmatic approach could provide a valuable pathway for schemes seeking to realise the full benefits of scale without needing to insource every function”

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Notes to editors:

Source

1. In this context we are referring to a 40-year time horizon
2. Report commissioned by Invesco research and undertaken by Phil Tindall, independent consultant. Date of report 30 September 2026.

* : £30bn to £90bn UK private markets estimate

The estimate that **£30 billion to £90 billion could flow into UK private markets** is based on scenario modelling contained within the report, rather than a forecast. The analysis assumes that UK workplace defined contribution (DC) pension schemes increase allocations to private markets from current levels to between **15% and 30% of assets**, and that **25% to 50%** of those private market allocations are invested in UK private assets. Based on a UK DC pensions market of approximately **£600 billion**, the modelling suggests that around **£30 billion to £90 billion** could be directed towards UK private markets if these allocations are implemented by 2030.

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1. About People's Pension

People's Pension is the largest independent master trust in the UK, serving seven million pension savers across the UK and managing £45bn in assets. As a business without shareholders, it reinvests its profits with the aim to help customers and achieve better financial outcomes for everyone. This assessment is determined by membership size. People's Pension currently has more than seven million members, which, according to publicly available industry data, exceeds the membership of any other commercial master trust. <https://www.peoplespension.co.uk/>

2. About Invesco

Invesco Ltd. is one of the world's leading asset management firms serving clients in more than 120 countries. With US\$2.5 trillion in assets under management as of 30 September 2026, we deliver a comprehensive range of investment capabilities across public, private, active, and passive. Our

collaborative mindset, breadth of solutions and global scale mean we're well positioned to help retail and institutional investors rethink challenges and find new possibilities for success. For more information, visit www.invesco.com/uk.

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